

*United States Marine Corps
Command and Staff College
Marine Corps University
2076 South Street
Marine Corps Combat Development Command
Quantico, Virginia 22134-5068*

MASTER OF MILITARY STUDIES

Counterfeit Paper Currency as an Instrument of War

SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF MILITARY STUDIES

Sergio E. Torres

AY 15-16

Mentor and Oral Defense Committee Member: Dr. Christopher Stowe _____

Approved: _____

Date: _____

Oral Defense Committee Member: _____ Dr. Paul Gelpi _____

Approved: _____

Date: _____

Executive Summary

Title: Counterfeit Paper Currency as an Instrument of War

Author: Sergio E. Torres, United States Department of State

Thesis: The purpose and strategy of counterfeiting as an instrument of war to destabilize the US economy has not changed since the US Civil War, but technology into the twentieth and twenty-first centuries has changed and it is increasingly more difficult and expensive to keep ahead of both government-sponsored counterfeiting operations in Iran and North Korea and transnational narcoterrorist counterfeiting operations in Colombia. If successful counterfeiting becomes pervasive, it has the capacity to depress the overall value of the US dollar and destroy the world's confidence in the US monetary system.

Discussion: Paper-currency counterfeiting is used as an instrument of war to destabilize a state by undermining and deteriorating the enemy's economy. The Union injected into the Confederate currency system counterfeit currency to undermine the economic stability of the Confederacy during the US Civil War. Paper currency counterfeiting remains a viable threat to the US economy and poses new challenges technologically and politically worldwide. The US dollar is considered a stable currency and is sometimes equated to gold bullion, but much easier to transport, store, and use because of its credibility. This credibility and the amount of banknotes held overseas provides challenges to the US Government as well as US dollar (USD) holders overseas. About sixty percent of all US banknotes in circulation are held outside the US. This means that about \$450 billion of the \$760 billion dollars in circulation as of December 2005 are in circulation outside the US. This currency outside the US represents an advantage to the US taxpayers due to seigniorage with proceeds generated in the range of \$10 to 29 billion per year added. Although counterfeiting remains a credible instrument of war to the US economy from state and non-state actors, the US Bureau of Engraving and Printing has evolved its counterfeiting-deterrence mechanism with the assistance of the US Secret Service in order to maintain global confidence in the US Dollar, and deter further counterfeiting and foreign economic threats.

Conclusion: Although there have been efforts to destabilize the US economy through counterfeiting, the US government has stayed ahead of its enemies by maintaining currency security and integrity. With technology and education, US law-enforcement partners have deterred the enemy's ability to cause major damage to the US economy. The security features implemented into US paper currency production are difficult to duplicate because of advanced technology and state of the art security features. However, counterfeiting has been used as an instrument of war with varying degrees of success and the US has been at minimum complicit in using counterfeiting against the Confederacy, while in the twenty-first century it has successfully defended itself against counterfeiting.

DISCLAIMER

THE OPINIONS AND CONCLUSIONS EXPRESSED HEREIN ARE THOSE OF THE INDIVIDUAL STUDENT AUTHOR AND DO NOT NECESSARILY REPRESENT THE VIEWS OF EITHER THE MARINE CORPS COMMAND AND STAFF COLLEGE OR ANY OTHER GOVERNMENTAL AGENCY. REFERENCES TO THIS STUDY SHOULD INCLUDE THE FOREGOING STATEMENT.

QUOTATION FROM, ABSTRACTION FROM, OR REPRODUCTION OF ALL OR ANY PART OF THIS DOCUMENT IS PERMITTED PROVIDED PROPER ACKNOWLEDGEMENT IS MADE.

Table of Contents

	Page
DISCLAIMER	iii
PREFACE	v
INTRODUCTION	1
FIRST PAPER CURRENCY IN NORTH AMERICA AND INITIAL COUNTERFEIT CONCERNS	1
COUNTERFEIT PAPER CURRENCY AS AN INSTRUMENT OF WAR AGAINST THE CONFEDERACY	2
Samuel Curtis Upham's Involvement	3
Winthrop E. Hilton: Upham's Competition in New York	8
<i>The Bermuda</i> and Watermarked Paper	11
Bogus Confederate States of America Note	15
Consequences of Counterfeiting Confederate Banknotes	18
Conclusion of Civil War Counterfeiting Efforts	20
COUNTERFEIT PAPER CURRENCY AS AN INSTRUMENT OF WAR AGAINST THE US	21
Creation of the Secret Service	22
Circulation of US Dollar Paper Currency Abroad	23
Threat from Iran, Iraq and Hezbollah	24
Threat from North Korea	26
Narcoterrorists and Counterfeiting	29
Counterfeit Security Measures	30
CONCLUSION	33
CITATIONS AND FOOTNOTES	33
BIBLIOGRAPHY	40

Preface

In 1993 while serving in my first overseas tour for the State Department in India, I was asked by my supervisor to host a visiting US Secret Service agent who was concerned with and investigating the influx of counterfeit one hundred-dollar notes known as super-notes. During that visit, I learned how to identify and recognize the security features in the super-note. At that time there was concern regarding the large number of super-notes that were circulating in South-East Asia and were believed to be produced in Iran. As my career progressed and my tours and years overseas accumulated, I always examined the notes to find the security features and to see what features had changed.

In 2002, I took an interest in coin collecting and began collecting coins and paper currency from the countries where I served. My numismatic interest expanded as my sons, particularly my oldest, William, took an interest in World War II and the coins produced during the war. His first World War II set of coins was a 1942 steel-penny collection. Residing in Northern Virginia near the Manassas battlefield afforded me the opportunity to experience where the battles of the First and Second Manassas had been fought first hand. In 2013, I expanded my collection to Civil War coins, Civil War Tokens, and Confederate paper currency. Having a little piece of history in my hands, particularly a coin or a note that was over 150 years old, is amazing to me. It makes one wonder who had that coin or note at that time and how many people held and saved those items and passed them on to their children or grandchildren.

As I began to read as much as possible about Confederate paper currency, my interest and knowledge increased. A member of the local coin club recommended Pierre Fricke's book, *Collecting Confederate Paper Money*. A few months later I contacted Pierre, who provided me with guidance about collecting Confederate paper currency and introduced me to George B.

Tremmel, who focused on writing, researching, and collecting Counterfeit Confederate Currency. George introduced me to the world of counterfeit Confederate currency as well as to his personal collection of Confederate currency. Both Pierre and George encouraged me with my research and provided guidance as well as notes from their collections which now reside with my other Confederate notes.

Being able to research and read about Counterfeit paper money cemented my interest in collecting Civil War coins and currency as well as linking the issue of counterfeiting as an instrument of war and threat to the national economy. Since my interaction with the Secret Service agent, the US has been forced to change and redesign the hundred-dollar note at least three times and all of the other paper currency at least once.

I was lucky to have Dr. Christopher Stowe as my mentor and as a professor who shared his Civil War knowledge and energized me to learn more about the Civil war. His assistance and perspective was invaluable in helping me focus on this work. I would like to thank the Leadership Communications Skills Center (LCSC) at the Marine Corps University, particularly Andrea Hamlen, for reading and supporting me in fine-tuning the paper. MacKenzie Duffield from the Marine Corps Research Library assisted me in obtaining documents and books from other libraries. Kathleen Cooke who took time out from her busy schedule to read, criticize, argue, and refine my ideas to make this a better product. I could not have completed this work without their help.

Introduction

Adversaries have employed counterfeiting as an instrument of war since the inception of paper currency to undermine the economy of the opposing force.¹ The British used this wartime strategy against the colonists during the Revolutionary War, but it was not until the US Civil War that counterfeiting became prevalent and successful enough against the Confederacy to require a new national initiative which would later become known as the US Secret Service to prevent a similar outcome in the US. It was also during this time that the Confederacy as well as the US Bureau of Engraving and Printing increased their security features to combat counterfeiting.

The purpose and strategy of counterfeiting as a means to destabilize the US economy has not changed since the US Civil War, but technology into the twentieth and twenty-first centuries has changed and it is increasingly more difficult and expensive to keep ahead of government-sponsored counterfeiting operations in Iran and North Korea and transnational narcoterrorist counterfeiting operations in Colombia. If successful counterfeiting becomes pervasive, it has the capacity to depress the overall value of the US dollar and destroy the world's confidence in the US monetary system.

First Paper Currency in North America and Initial Counterfeit Concerns

Benjamin Franklin argued for the adoption of paper currency in a 1729 pamphlet entitled *The Nature and Necessity of a Paper Currency*. Although he revised his argument for the use of paper money over the course of 50 years, he did not change his main argument for the need of paper currency. Franklin argued that “it was a crucial obligation of a government to ensure that its citizens had an adequate supply of money. Once the paper currency is properly supplied, the

freely undertaken choices those citizens made would secure its value.”² Franklin was a prolific engraver of early North American currency produced in at least three colonies. Overall, he printed about 2.5 million paper notes and developed techniques to prevent counterfeiting. Franklin’s techniques have been conceptually incorporated in every note currently in circulation.³

Counterfeit Paper Currency as an Instrument of War Against the Confederacy

To counteract the Union blockade during the Civil War, the Confederacy embargoed cotton that was destined for England and France. The Confederate government hoped that the need for cotton by England and France would expedite international recognition of the Confederate States of America (CSA) and result in economic and political support. This support was anticipated to include military assistance.⁴

Unfortunately, this strategy failed for a number of reasons. In the 1800s paper currency was backed with precious metals, called specie. The Confederacy lacked sufficient amounts of gold and silver to back its paper currency but it was rich in cotton. The Confederacy used cotton as collateral and stored it in Southern warehouses in an effort to force European powers to recognize and back the Confederacy’s cause. London was not eager to comply with the Confederacy’s pressure at this time because it had a large supply of cotton already in storage in British warehouses purchased the previous year as the result of a successful cotton crop harvest. The surplus of cotton reduced its price and demand in 1861 depressing the CSA paper currency’s value. Any economic pressure that the Confederacy had intended to exploit by withholding cotton not only failed, but made it difficult to back its paper currency.⁵

As the Confederacy began printing its own currency, its financial woes increased. The

Confederacy initially began contracting established banknote printers from New York City to print its banknotes, but Northern officials quickly halted and derailed this practice. The Confederacy then hired a number of different firms to continue the production of paper currency, but had difficulty in obtaining materials to manufacture currency printing plates. This coupled with the lack of durable paper quality compromised the South's ability to print quality notes effectively and reliably. The Confederate bureaucratic process also made the currency production process cumbersome and insecure as each note, regardless of the denomination, required two signatures. This created a security lapse in the currency because the signature process was delegated to 262 treasury clerks, and the number of signatures on the notes could not be tracked to authenticate the currency.⁶

The lack of effective paper currency production by the Confederacy made it easier to counterfeit it. Moreover, the Confederacy had refused to mandate that its currency be accepted as legal tender as the North had done for its national currency, known as the greenback. In addition, the Confederacy promised redemption of its currency for specie backing on its banknotes "six months after the ratification of a treaty of peace between the Confederate States and the United States," at the start of the war. The redemption time of its currency increased up to two years after the ratification of peace. The banknotes also stated that the funds were "receivable in payment of all dues except export duties." This made the notes only valid for internal consumption. The decision to create constraints of the currency only served to increase inflation as prospects for victory waned.

Samuel Curtis Upham's Involvement

One of the best-known Northern counterfeiters, Samuel Curtis Upham, a store owner in

Philadelphia whose business sold perfumes, drugs, newspapers, and stationary, stumbled into his new business on 24 February 1862 when the public's demand for the *Philadelphia Inquirer* aroused his curiosity that day. He discovered that the newspaper displayed a full-size facsimile of a Confederate \$5 banknote that day.

Upham was an entrepreneur who sailed from Philadelphia to California in January 1849 via Cape Horn to attempt to profit from the California gold rush. He managed to collect circa \$400 worth of gold nuggets before deciding to pursue other interests. He sold his prospecting equipment and moved to San Francisco in October 1849 where he learned about the newspaper business. In 1850 Upham moved to Sacramento and formed Fitch Upham and Co., a partnership with six other newspapermen which began publishing the *Sacramento Transcript*. The paper was initially a triweekly paper, but soon after it became a daily newspaper as it was the only California newspaper produced outside San Francisco. Within six months, Upham grew tired of the business and sold his interests in the paper for \$10,000. He moved back to Philadelphia, this time crossing the Isthmus of Panama via mule.⁷ Upham returned to the newspaper publishing business in Philadelphia and started the *Philadelphia Sunday Mercury*, a Democratic Party paper, which he published until 1856.⁸

Since Upham was familiar with the publishing business, and he had been printing stationary depicting Confederate President Jefferson Davis's face on the body of a donkey and other caricatures of Davis on the stationary that sold well, he thought there might be a market for copies of the CSA \$5 banknote published in the *Philadelphia Inquirer*. Thus, using his publishing contacts, Upham purchased the *Inquirer's* 24 February edition printing plate. Upham began selling his souvenir note to curious customers who had never seen a greyback and were afraid this novelty would disappear as the Union most likely would destroy the rebels within a

few weeks. Upham sold his notes for one cent each and his first run of 3,000 notes sold within days.⁹ Along the bottom margin of the note Upham printed “Fac-simile Confederate Note – Sold Wholesale by S.C. Upham, 403 Chestnut Street, Philadelphia.”¹⁰ However, nothing stopped unscrupulous South bound individuals from purchasing the notes and simply cutting off the disclaimer printed on the bottom margin. All of the banknotes in circulation were cut by hand and the margins were never exact or neatly aligned with the frame or margin of the notes.¹¹

Upham’s printing of facsimiles quickly turned into a counterfeit operation that allowed smugglers and soldiers to benefit to the detriment of the CSA government. Although Marc Weidenmier attempted to create estimates of the total value of the Confederate banknotes produced by Upham to the Confederate money supply to determine how much effect Upham had on the Confederate economy, Weidenmier’s research did not provide a precise amount of money and the corresponding data of the money produced was not available to determine Upham’s damage. However, Weidenmier was able to find correspondence between Upham and a Dr. William Lee, who was focusing on the study of Confederate money and was an early CSA currency cataloger.¹² In 1874, Lee and Upham corresponded and Upham wrote that between 12 March 1862 to 01 August 1863, Upham produced 1,564,000 notes in different denominations ranging from five cents to \$100 notes and equivalent to about \$15 million dollars in Confederate notes.¹³ According to Weidenmier, Upham’s figures were not precise. His \$15-million-dollar number included notes, shinplasters, and stamps. He also did not provide a breakdown of the number of notes he printed of each denomination, but Weidenmier performed a conjectural estimate and determined that Upham produced between .93 percent and 2.78 percent of Confederate money in circulation during the time he produced counterfeit notes.¹⁴

Upham’s retail business grew quickly into a very profitable enterprise. In May 1862

Upham advertised he had sold over 500,000 facsimiles in the previous three months and was offering 14 different varieties of Confederate notes as well as postage stamps and shinplasters. His advertisement in newspapers incorrectly convinced CSA government officials, including Jefferson Davis of the Union's connivance at minimum, and probable complicity in counterfeiting CSA notes to deteriorate the Confederate economy. Davis was convinced that Upham was working covertly for the Union as he was able to advertise his counterfeits openly in Northern newspapers and deliver his goods via mail.¹⁵

On 18 August 1862, after the Confederate government noticed the high number of counterfeit currency crossing into the CSA, Confederate President Jefferson Davis discussed the economic threat caused by the high inflow of currency produced by Upham's enterprise with the Confederate Congress. Davis accused the Union of being complicit in the inflow of counterfeit notes produced by Upham who publicly advertised his confederate souvenir facsimiles in newspapers and magazines and provided them to "soldiers of the invading army."¹⁶ Confederate Treasury Secretary Christopher G. Memminger also submitted a report to the Confederate House of Representatives on 18 August 1862 that reiterated Davis's concerns and singled out Upham's involvement in the economic crisis pointing out that printed advertisements were found stating the counterfeit notes were forwarded by mail from Chestnut Street in Philadelphia. As of late 1862, forged banknotes had been discovered far from the Union border in Atlanta, Savannah, Montgomery and other Confederate cities.¹⁷

There was outrage in the South at the arrogant way the North was destabilizing the Confederate currency and deceiving its people. Southern newspapers condemned Upham's actions and arrogance and blamed the Union for allowing such actions to take place. Although the quality of genuine Confederate notes printed and the large number of CSA clerks who could

sign and validate each note made the environment fertile for counterfeiting, the South directed its anger at the North for allowing it to take place. The *Richmond Daily Dispatch*'s editorial pages called Upham's activities an example of "Yankee scoundrelism" and an "infernal means to discredit the currency of the Southern Confederacy."¹⁸ Although the Southern newspaper editorials were not focused enough against such type of lawlessness and scoundrelism, on 16 April 1862, the editors instructed their Southern readers how to detect the bogus Philadelphia paper money.¹⁹ Many times counterfeit notes were recognized for their crisp, clean vignettes and quality of the paper, compared to the inferior quality of genuine notes. However, there were many exceptions because the genuine Confederate notes had a diverse range in quality and the average individual could not readily differentiate between a genuine and a counterfeit note.

Interestingly enough Upham's notes were of much better quality, not only in the printing but also in paper quality, compared to Confederate produced notes. Upham's counterfeits are currently prized by Civil War notes and coin collectors (Numismatic collectors). Ironically these contemporary counterfeit notes are much more valuable than genuine CSA notes, and sometimes very difficult to distinguish.²⁰ In April 1862 during a speech at the Confederate House of Congress, Henry S. Foote from Tennessee said that "Upham had done more to hurt the Confederacy than General George McClellan and his Union Army of the Potomac."²¹

Some Union officials did not want Upham's operation to continue as they were fearful the Confederates would retaliate by producing counterfeit greenbacks. To bring to an end to Upham's practices, he was accused of counterfeiting Union notes as well, an accusation which Upham angrily denied. Union investigators visited Upham's business, but the case was forwarded to the US War Department. If it were not for the intervention by the then US Secretary of War Edwin Stanton to get the case against Upham dismissed, he may have been

imprisoned. Evidently, Stanton had recognized the value of Upham's operation in the war effort as he was single handedly destabilizing the Confederate economy.²²

Winthrop E. Hilton: Upham's Competition in New York

There were many individuals during and after Upham who were involved in counterfeiting. North American counterfeiters faced competition during the Civil War from counterfeiters working in Cuba, Bermuda, and Mexico, but due to the nature of their business they never became well known. However, in the North, Winthrop E. Hilton also gained notoriety during the Civil War his involvement in producing CSA banknotes. Hilton was a businessman from New York City who became a lithographer for the Confederacy and later a counterfeiter.

Apparently, Hilton was originally secretly employed by the CSA to produce notes, but the business arrangement went bad because Confederate authorities did not pay Hilton for his CSA note production. Hilton stopped printing notes for the Confederacy but used the presses and the Confederate printing plates to produce Confederate notes for his own gain and called them facsimiles.²³

In October 1862, Hilton advertised \$4 per 1000 bills in *Harper's Weekly*, undercutting Upham's advertisement of \$40 per 1000. Both Hilton and Upham continued undercutting each other with Upham offering \$20,000 in Confederate banknotes, including postage for \$5.00. The counterfeit business needed a market for their goods. Union soldiers marching South, and receiving a monthly salary of \$13, took advantage of the availability of the counterfeit money to use while fighting the Confederates in the South.²⁴ Cotton smugglers operating in the border states were the first to recognize that if they purchased Confederate banknotes advertised by

Upham, Hilton and others cut the disclaimer at the bottom of the facsimile note, they could purchase cotton with the worthless notes and bring their contraband cotton to the North and sell it to manufactures. Cotton smugglers made enormous profits by utilizing legitimate currency and coins, but had no reservations with purchasing the cotton and other commodities with counterfeit banknotes.²⁵ Unlike Upham, Hilton's notes did not have the location of his business printed on his counterfeit notes.

Although Upham decided to stop producing his facsimile notes in August 1863, Hilton decided to continue conducting business. On 31 December 1863, Hilton and some of his accomplices were arrested in New York City. His arrest was covered by the press with much detail regarding his presumed connection as an agent for the Confederacy not only as an engraver of CSA notes, but also as a provider of banknote-printing equipment.

The research indicates Hilton was perhaps set up by the CSA Secret Service, most likely with the knowledge of Memminger. Hilton was the subject of a series of coded Confederate messages that implied Hilton was in business with the CSA and that Hilton had received a large sum of money to engrave and ship legitimate notes and plates to Richmond as well as engraving equipment. The messages were allowed to fall into the appropriate Union authorities and once decoded, Hilton was arrested, discredited and taken out of business.²⁶ *The New York Times* reported that during Hilton's arrest law enforcement also confiscated \$6 million dollars in Confederate bonds, \$1 million in Confederate Treasury notes, and a large quantity of press dies, "printing presses, lathes, and other machinery for doing fine bank note engraving."²⁷ The newspaper reported that information had been obtained by the Union War Department by intercepting a letter meant to arrive in the South. The letter had information of individuals in New York who were engaged in business with the Confederacy and the leader of this pro-

Confederate network was Hilton who was operating a business at No. 11 Spruce Street and residing at Forty-ninth Street. Among the lithographic plates found were \$100, \$50 and \$5 Confederate notes. All the Confederate bonds and notes were ready for signature. Investigators focused on the manufacturer of the geometrical lathe. According to *The New York Times* article:

The maker was found in New Jersey, some six miles back in Newark. He was ascertained to be a loyal man who had been employed by the United States Government in (sic) doing work for the Treasury. He stated that Hilton came to him a long time ago and represented that he was about starting a new bank note company, similar to the Continental Company, and that he desired a lathe made for this description. The machinist put him off for some time because he was greatly driven with work, but finally succeeded in finishing the machine and delivering the same about ten days ago.²⁸

The article also claimed that Hilton was in regular contact with Memminger, providing him with items he printed and equipment he had managed to hide for passage to the rebels. Hilton's arrest, *The New York Times* boasted to be, was one of the most important and cleverly executed missions conducted by the government and the paper predicted that it "will tend as much to discourage the rebel leaders as a great victory by our forces in the field."²⁹

Memminger received a number of articles regarding the arrest of Hilton from Major General William Henry Chase Whiting of Wilmington, N.C. According to Judith Benner in her paper, *Fraudulent Finance: Counterfeiting and the Confederate States: 1861-1865*, Memminger responded to Whiting and thanked him for the series of newspaper articles and added that neither he nor the Confederacy had ever dealt with Hilton. He cautioned that these issues were best left to "the Yankee police under their present impression, as I have very little doubt that it is some establishment for the issue of counterfeits that they have ferreted out, which has taken this method of deceiving the parties at work, who might demur at being engaged in counterfeiting."³⁰

It is possible that Hilton decided to produce not only Confederate bank notes, but also Union banknotes and he came to the attention of the New York police for his counterfeiting

activities. Additionally, the Confederacy had set him up and taken him out of business by assuring that information was disseminated to the Union creating the illusion that he was a rebel sympathizer and was working in collusion with them. Otherwise, Hilton's business was well known as he advertised in *Harper's Weekly* the availability of excellent quality greybacks available for sale in a number of denominations.

Benner also makes the point that Memminger in his note to Whiting was perhaps alluding that Hilton was engaged in counterfeiting Union notes. Banner states, "since 1863 Hilton had been producing (and advertising) Confederate counterfeits at the Spruce Street address where he was arrested, so New York authorities were unusually obtuse if they did not know what was going on there prior to January, 1864. From what was reported in the press about steel plates, press dies, and a new banknote company, it seems that perhaps the Northern authorities were willing to look the other way while Hilton destroyed the Confederate economy, but quickly interfered when he began to threaten their own. This is only a conjecture, however."³¹ Hilton was cleared of any charges by the end of April 1864.

The Bermuda and Watermarked Paper

The *USS Mercedita* intercepted *The Bermuda* on its second voyage carrying contraband on 27 April 1862. The ship had been built in 1861 at Stockton-on-Tees, England. As most of the blockade runners, the ship was an iron-hulled steamer built by Pearse and Lockwood as an investment opportunity by transporting illegal cargo and war materiel from Europe and returning from the Confederacy with goods wanted by British.³² To maintain the secrecy of the ownership of *The Bermuda*, the ship was chartered to Frazier Trenholme and Co., a British corporation that served as a front for the CSA that represented any commercial and financial activities in the

United Kingdom. Among the contraband found on *The Bermuda* was a shipment of blank paper sheets that were intended for the printing of Confederate paper currency. The paper was a special watermarked CSA paper whose pulp included seaweed and it was intended as an additional security feature for the Confederate notes. After it was intercepted, *The Bermuda* was taken to Philadelphia where her war contraband and paper were confiscated and sold in an auction. The watermarked paper was transferred to the Currency Bureau, the precursor of the US Bureau of Engraving and Printing.³³

The Currency Bureau used some of the paper for printing proofs and specimen of fractional notes of Union currency. Proofs and specimen notes have the CSA watermark, including the notes with the fractional currency shield. Sheets of blank watermarked paper are known to still exist.³⁴ The seizure of the CSA watermarked paper was considered to be the most important asset of the entire shipment, although there was ammunition, rifled bored cannons and cannon shells among the items confiscated.

The watermarked paper was of interest to the CSA government because it made counterfeiting CSA notes more difficult, and Memminger worked to obtain a reliable supplier and enough watermarked paper for Confederate currency production. The CSA was able to obtain watermarked paper from the United Kingdom between 1862 to 1863, with the exception of the CSA script letter paper that was produced in Bath, South Carolina. However, the watermarked paper production facility in Bath burned down in November 1862, and the use of this security feature by the CSA disappeared. Some of the early shipments of watermarked paper from Britain were intercepted by the Union quarantine, making examples of the first use of this paper on some T-24s (\$10 dated 2 September 1861) and all T-33s (\$5 dated 2 September 1861) very rare. Smuggling of watermarked paper continued until 1863 when a large shipment of

watermarked paper was captured by the Union quarantine and the Confederate treasury phased out its use.³⁵

According to the manifest of the confiscated items from *The Bermuda*, there were several cases of military decorations in addition to the weapons and ammunition in its cargo area which included “military buttons, some with the palmetto tree on them and some with an eagle surrounded by 11 stars – the number of states in the confederacy thus far, and cases of cutlery some stamped with ‘Jeff Davis, Our First President, The Right Man in the Right Place.’”³⁶ Most importantly *The Bermuda* carried 26 boxes marked P.O.D., most likely meaning the Post Office Department, that contained a large number of CSA postage stamps, printing ink for postage stamps, copper plates for printing Confederate stamps at the time, a number of printing presses, and “CSA watermarked foolscap paper.”³⁷

According to Benny Bolin in his article, *How the Confederacy Provided for Union Banknotes*, some of the paper captured from *The Bermuda* was sold to the US Treasury Department. Court records referred to the paper as bank note paper, detailing “many reams of fine white Bank Note paper, watermarked ‘C S A,’ intended obviously for Confederate States banknotes and bonds.”³⁸ Based on Bolin’s research, the US Treasury Department acquired 10 reams of CSA watermarked paper at \$2.00 per ream. The rest of the paper was described as 490 reams of Bank Note paper sold at \$2.50 per ream, 35 reams foolscap sold at \$6.00 per ream, and 10 reams of damaged paper sold at \$1.50 per ream at auction in Philadelphia where *The Bermuda* was taken after being taken into custody. The paper was watermarked with CSA eight times in block letters. Each sheet of paper was 13.25 inches wide by 16 inches long and the paper was antique woven with full rag content.³⁹

According to Priscilla Rhoades, in her essay, “King of the Confederate Counterfeit,” the US Secretary of War Edwin M. Stanton provided Upham with the watermarked English paper confiscated during the Union blockade.⁴⁰ Although her research indicates that perhaps Upham was given the watermarked paper by Col. Lafayette C. Baker, head of the War Department’s National Detective police, this was not evident from the timeline which indicated Baker was in Philadelphia in February 1862, and *The Bermuda* was intercepted in late April 1862. As background, the War Department’s National Detective police was created by Stanton’s Assistant Secretary of War Peter H. Watson; and the organization that Baker headed was composed of the army provost marshals and used to pursue Confederate spies, fraudulent contractors, and bounty jumpers.⁴¹ In an effort to understand when Baker could of have passed the CSA watermark paper to Upham, Baker notes in his personal journal in March 1862 that he was being assigned to Manassas, Virginia. The next entry in the journal is in November 1862 stating that he was in Washington, investigating corruption at the Treasury Department. Also, Baker’s wife had moved in early 1862 to Philadelphia to live with her parents claiming safety reasons. During the seven months Baker was away is most likely when he provided Upham with the confiscated watermarked CSA paper.⁴²

In 1862 after *The Bermuda* was taken to Philadelphia and its cargo of watermarked bank note paper was sold, some to the US Treasury and some to the “public”, it is possible that some of this watermarked paper was sold or transferred to Sam Upham who used the paper to continue printing the currency upon learning that the Confederacy included watermarks on its currency, particularly the T-39 and T-40 Train and T-41 Hoer notes issued with watermarks by the CSA. It is also possible that Baker provided the paper to Upham and encouraged him to print his

banknotes on that paper which was of much better quality than what he had previously used. Although this is a conjecture, the timeline and the production of such notes by Upham closely tracks.

Bogus Confederate States of America Note

Counterfeiting is deceptive practice, but it is not associated with propaganda except in time of war when the goal and the item produced has the intended aim of weakening and demoralizing the enemy. The CSA issued its banknotes in 1861 payable upon the cessation of hostilities and the signing of a peace accord between the Confederacy and the United States - “six months after the Ratification of a Treaty of peace between the Confederate States and the United States” with a six-to-eight percent annual interest payable to the bearer and shown to be paid by a stamp on the reverse of the note: “Fundable in Confederate States stock bearing eight percent interest.” The printers in the South were under contract with the Confederate Government and they were charged to provide their own design for the notes, allowing for several designs of the same currency to circulate at the same time, which created great confusion when conducting monetary transactions.

The Union was quick to capitalize on these issues and not only produced counterfeit notes, but also manufactured bogus notes, known to banknote collectors as fantasy notes as there was not a genuine counterpart. Pierre Fricke, in his book *Collecting Confederate Paper Money*, defines fantasy notes as “a creation by a counterfeiter or other third party, contemporary to the War or made in modern times, that is nothing like one of the regular Confederate notes issued.”⁴³ Perhaps the most famous of three known contemporaneous Confederate bogus notes, is the Confederate 20 dollar “issue” of 25 July 1861, a note known to collectors as the “Female Riding

Deer” (FRD) note. This note was more similar in design than other genuine CSA notes that were in circulation at the time, thus it was not viewed as an unusual note to those who were accustomed to having different notes of the same denomination in their wallets. This note has a central vignette of a woman riding a deer, believed to be the Roman goddess, Diana. Another vignette includes an Indian smoking a pipe against a barrel. The note also has an inscription “Fundable in Confederate Stock bearing Eight Percent Interest” with both, numeration in roman numeral “XX” and Hindu-Arabic numeral “20.” The two vignettes used in the note were common-stock vignettes that had been previously used in other state banknotes. Although this fantasy note was never issued by the Confederate Treasury, several varieties of this note circulated during the Civil War and were thought to be genuine CSA notes well into the late-twentieth century.⁴⁴

Arlie Slabaugh, in his book *Confederate States Paper Money*, provides a list of notes that have as their main vignette the same one used in the FRD fantasy note. The two vignettes used in the FRD note were available in both the North and the South either at a printers or as part of plates from other notes.⁴⁵ Upham was the largest and most successful producer of the FRD notes, but speculation and debate of who originated the FRD note has been a subject of debate and conjecture. Some maintain that Upham was indeed the originator, and others believe that the design came from some other unidentified source.

There has been persistent speculation between Confederate banknotes researchers and authors regarding Samuel C. Upham’s involvement with printing counterfeit CSA notes and that perhaps he was the creator of the FRD fantasy note. Although the circumstances surrounding this issue are unknown, Upham had access to FRD necessary components and needed vignettes, banners and denomination medallions to produce the new design.⁴⁶

It was not until 2000 that it was proven that Upham was the designer of the FRD note. Civil War monetary historian and researcher George Tremmel proved that Upham was the originator of the FRD in an article that appeared in *Paper Money Magazine* entitled “Was Sam Upham the Originator of the Female Riding Deer Note?” His research and detective work over a number of years provided hard evidence that could support the case of Upham as the creator of this note beyond a reasonable doubt. Tremmel studied and compared Upham’s work in two notes which he identified as transitional notes, and discovered linkage of each note to the other which tied the FRD note’s origin to Upham:

While an understanding of the design transition is important, the linkage of each note to the other is equally important if we are to tie the FDR note’s origin to Upham. This linkage is provided by several features of continuity. Note-to-note linkage is found between the CT-10 and the “Transitional Note” in the vertical plate breaks present on the right side of both vignettes. More importantly, two continuity features are found on all three notes. The first is obviously the Upham imprint in the bottom margin of all three notes. This is the key indicator of a common source. The other link is a telltale mark found on the CT-10 that, along with other differences, distinguishes it from the genuine T-10. This mark is the small dash at the right of the “E” in CONFEDERATE and is carried forward through the entire design migration. It first appeared on the *Leslie’s Weekly* image and, subsequently, on all three Upham-imprinted notes: the CT-10, the “Transitional Note,” and the FRD note.⁴⁷

Upham was a shrewd businessman and wanted to provide Confederate notes to his customers periodically. He advertised his interest in genuine Confederate notes and was willing to pay for the notes in specie. During a low in the production of new Confederate notes he became impatient and decided to create his own note, the FRD, which he put into circulation. Thus, his entrepreneurial drive led him to create a new note to fill this temporary gap in the production cycle. He was not ready to see the craze die down too quickly, or more importantly miss a potential sale for lack of new inventory. Additionally, he recognized that since the Confederacy had so many different notes in circulation, perhaps it would take time to discover a

bogus note in circulation within the Confederacy. He also did not create the vignettes used in the FRD note himself, but was only responsible for the design, perhaps at the request of Union officials. What is true is the FRD note was widely circulated during the Civil War and widely sought by Civil War paper money collectors.

Consequences of Counterfeiting Confederate Banknotes

Although Sam Upham, Winthrop Hilton, other smaller counterfeit operators in St Louis, such as Mary T. Bentley, the Payne gang in Georgia, Mississippi, and Louisiana as well as other minor unidentified low level, but prolific counterfeiters operating in Richmond and Kentucky produced an estimated 4.2 to 4.8 percent of the total Confederate Treasury banknote supply, the overall effect was significant because it contributed to the slow loss of confidence in the CSA currency.⁴⁸

Counterfeiting also impacted the day-to-day activities of the Confederate Treasury, local Southern banks, and ultimately the Confederate people. The Confederate Treasury's limited resources were strained in its attempt to investigate, pursue and capture counterfeiters in an effort to put them out of business and reestablish confidence in Confederate notes. Significant efforts and funds were also used in redesigning and recalling banknotes to add security features to derail the counterfeiting business.⁴⁹ Besides the effects on the citizenry's confidence in the currency, the banks and the population were attempting to maintain normalcy while tending to their daily needs during wartime, defrauded and distracted, at the very least, by the appearance of fraudulent copies of an already very shaky instrument of exchange of goods and services which compromised the Confederacy's Treasury and credibility of its currency.

Based on newspaper documentation, and comments made by the Confederate States of America, government officials such as Jefferson Davis as well as Confederate Treasury Secretary Memminger, the concerns regarding counterfeit currency seemed more evident between 1862 and 1863. During that time the Confederacy's success in the battlefield was diminishing; news regarding the circulation of counterfeit currency created the feeling that the war effort was not only going bad in the battlefield, but the Northern efforts were also affecting the economy at home by decreasing public confidence in the Confederate monetary system. All of this contributed to the loss of confidence in paper money and a major cause for inflation.

During the Civil War, the Confederacy believed that the Union government was either aware or behind the counterfeiting of CSA banknotes. Confederate records and newspapers as well as military documents frequently documented the perception of Union involvement and viewed it not only as an attack on the Confederacy, but as a tool of war to undermine the Confederate economy to derail the creation of the new nation-state. On 12 August 1862, Davis accused the Union of involvement in counterfeiting in a message to the Confederate Congress and pointed out that Upham and Hilton as well as others had been counterfeiting CSA banknotes and selling them with the approval of the Union government:

The moneyed obligations of the Confederate Government are forged by citizens of the United States, and publicly (sic) advertised for sale in their cities with notoriety that sufficiently attests the knowledge of their Government, and its complicity in the crime is further evidenced by the fact that the soldiers of the invading armies are found supplied with large quantities of these forged notes as a means of despoiling the country people, by fraud, out of such portions of their property as armed violence may fail to reach.⁵⁰

The Confederate Congress was so convinced that the Union was behind the counterfeiting that it enacted a number of laws to punish the guilty and discourage

additional involvement in counterfeiting, carrying and disbursing counterfeit Confederate banknotes.

Conclusion of Civil War Counterfeiting Efforts

CSA counterfeit currency represented a small percentage of the total number of notes in circulation throughout the Confederacy, but it impacted the Confederate economy by creating inflation, speculation, distrust, and fraud. Whether the CSA could have avoided these consequences by controlling its currency more efficiently is unlikely as the war also contributed to the destabilization of the Confederacy. Judith Benner in her paper, *Fraudulent Finance: Counterfeiting and the Confederate States: 1861-65*, noted: “Paper money was, in the words of one ex-Confederate, ‘a fatal mode of relief...paper currency is always bad’ And if paper currency was bad, then a counterfeited paper currency was far worse.”⁵¹ One can argue that Benjamin Franklin’s argument to produce paper currency in the colonies to generate availability of goods and services to the masses was valid, but he also recognized that counterfeiting was the downside of having paper money. Franklin’s nascent security measures curbed this downside as counterfeiting was a catalyst but not the major cause of the Confederate’s collapse. Counterfeiting created uncertainty and distrust when conducting monetary transactions, but battlefield defeats as well as the inability of the Confederacy to receive international recognition and the financial benefits that it brings were more significant in the demise of the Confederacy.

Whether the Union government was complicit or behind the counterfeit efforts is difficult to prove, but there are instances where government representatives may have assisted in some of the production by providing watermarked paper or securing samples for counterfeiters to

produces plates; however, it is clear that the Union government ignored and did nothing to curtail or stop the Confederate paper note production by Upham or Hilton.

Despite a lack of evidence to prove the Union's participation in Confederate paper-currency counterfeiting, its potential involvement prompted US authorities to begin thinking about a national police force to track, derail and apprehend counterfeiters who had elaborate schemes to defraud the government. The collapse of the Confederacy marked the beginning of this national initiative which would later be known as the US Secret Service.

Counterfeit Paper Currency as an Instrument of War Against the US

The United States, like the Confederacy, has been forced to produce more sophisticated notes with more security features to prevent successful production of counterfeit currency. The threat to the US monetary system is as significant as it was during the Civil War. The US Secret Service is still responsible for counterfeit detection and the US Bureau of Engraving and Printing is still responsible for the production of US currency and the incorporation of security measures into paper currency. However, advancing technologies create new challenges and increase the difficulty in defeating counterfeiting. Prevalent counterfeiting of US paper currency has the capacity to undermine confidence in the US dollar both at home and abroad, reduce the US currency holdings abroad, and subsequently has a negative effect on the US economy.⁵²

Counterfeiting remains a major threat to the US government today. The US Secret Service has been actively investigating the appearance of large numbers of US counterfeit currency circulating throughout the world since the 1980s. Although there have been many cases, Iran and North Korea clearly represent foreign governments actively encouraging and

counterfeiting US currency, and there are also transnational organizations operating within countries such as Colombia.

Creation of the Secret Service

According to Karl Rhodes in his article, "The Counterfeiting Weapon," the US Secretary of the Treasury Hugh McCulloch obtained Lincoln's approval to create the US Secret Service on 14 April 1865, the same day Lincoln was assassinated. However, their original task was to find and capture counterfeiters and it would be many years before the Secret Service began protecting the President of the United States.⁵³

The history of the US Secret Service represents how the first federal law enforcement organization created for the suppression of counterfeiting would expand the federal government's power in ways ordinary citizens could accept. This was the first time the centralized bureaucracy developed and overcame the deficiencies of a political system that interfered with a nation-state's assertion of power. Within ten years the agency created a central system capable of penetrating all corners of the nation with standards to control and police within the organization.⁵⁴ The new agency created among its members a sense of loyalty and purpose in its mission that transcended party politics and imposed national standards of behavior not only on the agents, but recognized the rights of the nation's citizenry.

One of the interesting aspects of the US government's policy is that the Federal Reserve has never exchanged new currency for old currency. All dollar bills issued by the US Federal Reserve since 1863 continue to be legal tender.⁵⁵ Although an 1863 \$100-dollar greenback can be used in a monetary transaction or can be taken to a bank to be exchanged for a newer note, today such a note might be worth much more than its face value to collectors. Therefore, if there

were evidence of a conspiracy to undermine the US economy by producing high-quality counterfeit banknotes, common sense would expect the government to cancel the old series of banknotes to flush out the counterfeit currency in circulation and force the counterfeiters to start from the beginning creating plates and the security markings for the new notes.⁵⁶ However, in order to preserve confidence in the US dollar as well as to prevent an overrun and rush on the dollar held outside the United States, the US government opted to collect instead of recall the old currency after it was sold to the Treasury Department from other banks.⁵⁷

Circulation of US Dollar Paper Currency Abroad

According to the US Treasury Department, about sixty percent of all US banknotes in circulation are held outside the US. This means that about \$450 billion of the \$760 billion dollars in circulation as of December 2005 are in circulation outside the US. Since banknotes can be moved virtually undetected across international borders, accurate periodic data is difficult to obtain so the Federal Reserve and the Treasury Department conduct periodic assessments to determine overseas circulation statistics.⁵⁸

The US dollar is considered to be a stable currency and is sometimes equated to gold bullion, but much easier to transport, store and use because of its credibility. This credibility and the amount of banknotes held overseas provides challenges to the US Government as well as US holders overseas. For example, the US is unable to track the notes effectively and there is a greater propensity to introduce counterfeit banknotes into circulation. USD banknotes also tend to be held in countries where there is political instability and out-lawlessness because the US dollar will retain its value even if the local monetary system collapses.⁵⁹

However, the billions of US banknotes held outside the US represents an advantage to the US taxpayers due to seigniorage proceeds generated in the range of \$10 to 29 billion per year added by currency demand. This seigniorage, or earnings from assets that back the US currency, totaled 29 billion USD in 2005, about all of the Federal Reserve net income.⁶⁰

The circulation of currency abroad represents an interest free loan to the US government as it reduces the need for the government to borrow money. For example, in 1997 the US government reduced its interest cost by \$10 billion per year because the currency abroad reduced the government's need to borrow \$250 billion per year. Therefore, if confidence in the dollar were undermined, it could reduce the amount of currency held overseas and reduce income to the US treasury.⁶¹

Threat from Iran, Iraq, and Hezbollah

In 1992, the House Republican Research Committee's Task Force on Terrorism and Unconventional Warfare began to investigate reports of a counterfeit \$100-dollar note circulating in the Middle East known as the super-note (thus, "sometimes called 'superdollar' or 'superbill'") and referred to by the Secret Service as the C-14342 Family note. The task force reported that Iran was producing a very high quality \$100-dollar note, to support terrorism by providing funds to individuals who were involved in nefarious activities that can be linked to terrorism.⁶²

In 1996 the General Accounting office responded to a request by Congressman John M. Spratt on *Counterfeit U.S. Currency Abroad* as the result of concerns regarding the superdollar flooding the foreign markets and undermining the faith in the US dollar. The report indicated that a foreign government was involved in counterfeiting super-notes and that this was a matter

of national security. Ronen Bergman, in his book *The Secret War with Iran*, wrote that according to Yosef Bundansky, who was in charge of the research team that produced the task force report, in the mid-1970s the US assisted with the financing and transfer of two intaglio printing presses, to the Shah of Iran, a longtime supporter of the US. Intaglio is a printmaking technique that uses pressure on designs sunk or incised in steel or copper plates filled with ink producing an image in relief with the ink embossed onto the paper.⁶³ The US Bureau of Engraving and Printing trained Iranian technicians in how to use the presses and Grand Ayatollah Sayyid Ruhollah Musavi Khomeini inherited the presses after the 1979 Iranian revolution. Relations broke down in 1979 between Iran and the US when Iranian Islamist students took over US Embassy in Tehran and the Americans diplomats working at the embassy were taken hostage. In 1989, the Iranian government made the decision to produce counterfeit US paper currency to solve its own economic problems and to undermine the US economy. The task force estimated that by 1995, Iran had printed and distributed \$15 billion in counterfeit \$100 notes.⁶⁴

According to Bergman, counterfeit bank notes were produced in the 1990s at the Iranian government printing works on Al Shahada Street in Tehran and in the City of Karak, about 20 kilometers from Tehran. The task force report also indicated that Syria carried out the distribution of the counterfeit superdollar through Lebanon. Berman wrote that, in 1997, Iran paid North Korea for its missile technology and assistance in counterfeit super-notes, with the knowledge of North Korean officials. Between 1997 to 2007, the counterfeiting secrets of how to produce the super-note were shared with North Korea, and Kim Jong Il's regime began to collaborate on finding ways to improve and to overcome the security features of the next generation of US \$100 note the US Treasury released in 1997. Although it has not been proven

where North Korea obtained the printing press or presses that it is currently using, Bergman claims that the North Koreans received one of the intaglio machines that Iran had been using.⁶⁵

In 2010, Iraqi counterfeit U.S. currency began to appear with a minimum estimate of \$4 million high-quality counterfeit notes. The bills were so widespread that they began to turn up in US facilities via Iraqi contractors. Iraqi and US security forces have confiscated over \$500,000 in counterfeit hundred-dollar notes near Maysan, a province near the border with Iran. In the port city of Umm Qasr, bank employees discovered over \$100,000 in US counterfeit currency among the bank deposits. The influx of counterfeit currency was an effort by Iran to influence the 7 March parliamentary elections or to launder money for militia activity in the Shi'a heartland bordering Iran. Iraqi and US forces developed an anti-counterfeiting campaign by educating merchants and bankers on how to distinguish the counterfeit notes.⁶⁶

In addition, Hezbollah cooperated in distributing Iranian produced counterfeit superdollars through Lebanon. Bergman also describes how Hezbollah has its own counterfeiting operation working near Baalbek. The bills produced by Hezbollah counterfeiters are described to be of good quality, but not as good as the superdollar. Hezbollah also produces twenty-dollar and fifty-dollar bills of varying quality which it uses to fund its activities.⁶⁷

Threat from North Korea

According to a report prepared in September 2006 by the Advanced Counterfeit Deterrence Steering Committee (ACD), which is composed of staffers from the Federal Reserve, US Treasury Department, and US Secret Service, the North Korean government banned US Dollars in North Korea. However, the North Korean government had already counterfeited \$100 Federal Reserve banknotes or super-notes for its own use and passed them off in various

countries.⁶⁸ The ACD report also stated that “the supernote investigation has been an ongoing strategic case with national security implications for the US Secret Service since the note’s first detection in 1989.”⁶⁹ Based on its investigation, the “U.S. Secret Service has determined through investigative and forensic analysis that these highly deceptive counterfeit notes are linked to the Democratic People’s Republic of North Korea (DPRK) and are produced and distributed with the full consent and control of the North Korean government.”⁷⁰ There are several incidents and evidence that links North Korea to the production and distribution of the counterfeit super-notes. Since counterfeiting is a form of clandestine warfare when sponsored by a state, and criminal activity at best, any detailed information and evidence is difficult to obtain. Additionally, due to North Korean’s closed society and rampant secrecy, the best information that could be found is incomplete. However, according to the ACD report, during the sixteen-year investigation from 1996 to 2005, approximately \$50 million in super-notes have been confiscated by the Secret Service and they estimated that another \$22 million in super-notes have been received by the public and were mixed into worldwide circulation.⁷¹

According to David Wolman in his *Time* magazine article, North Korea is not only capable of producing the USD \$100 banknote, but also USD \$50 banknotes. These notes are described to be light-years beyond most counterfeit notes produced by the above average counterfeiter. Wolman’s article stated that “an anticounterfeiting investigator with Europol once put it, ‘Superdollars are just US dollars not made by the U.S. government. With few exceptions, only Federal Reserve banks equipped with the fanciest detection gear can identify these fakes.’”⁷² Apparently, DPRK managed to purchase the same intaglio printing press or presses used by the US Bureau of Engraving and Printing. According to Wolman in 1989, as the Berlin Wall was collapsing, the printing machines managed to end up in North Korea from a clandestine facility

in East Germany, where high-quality passports and fake documents were made. The paper used for the paper currency was of the same quality as the paper used to print legitimate US paper currency and the North Koreans purchased the same ink from the same Swiss company that supplies the ink to the US government.⁷³

Based on a Congressional Research Report, the precise amount of North Korean government sponsored counterfeit currency is unknown. Nevertheless, the figures available indicate that “in 2006, US officials cited the figure of \$45-\$48 million detected or seized since 1989.”⁷⁴ Although information on the amount of profit that North Korea earns as the result of its counterfeit super-note business is speculative at best. The Congressional Research Service estimates that it is between \$15 to \$25 million in profit annually. Pending the quality of the \$100 banknote, “it has been reported that in the North Korean counterfeit currency market, a printed \$100 bill traded at 30% of its face value while electronically copied currency made with color copy machines trades at 10% of its face value”⁷⁵

North Korean officials, diplomats, and employees of government-owned companies have been linked in the trafficking of counterfeit US paper currency believed to be destined to North Korean embassies located in Europe and Asia for the dissemination of counterfeit currency into those economic markets.⁷⁶ By distributing counterfeit dollars throughout the world the likelihood to inject bogus currency in the world economic market increases while hiding North Korean involvement. As of 2009, the State Department as well as the Secret Service have reported that super-notes continue to turn up in various countries, including the US. There have been reports of seizures of the same type of super-note that North Korea produces in San Francisco as well as a large seizure of super-notes in Pusan, South Korea. However, it is not

clear if the super-notes that have been confiscated are a new type of notes or the same type of notes that have been circulating for some time.⁷⁷

Narcoterrorists and Counterfeiting

Narcoterrorism has been another threat to US paper currency, particularly between the end of the twentieth and beginning of the twenty-first century. Colombia is consistently ranked in the top five counterfeit source nations by the value of the seized counterfeit and is considered to be the primary source of counterfeit US paper currency that enters the US. According to a Congressional report prepared by ACD and released in September 2006 by the Treasury Department, in 2005 “approximately 15 percent (\$8 million out of a total of \$56.2 million) of all counterfeit currency passed within the United States originated in Colombia.”⁷⁸

However, the percentage of counterfeit currency that transited through the US has declined and the report attributes this decline to the successful partnership between Colombian law-enforcement entities by US agencies through Plan Colombia. One of those successful partnerships was the establishment of a vetted anticounterfeiting unit within the Colombian law enforcement organization. The goal of the unit was to reduce the production, sale, distribution, processing, and trafficking of counterfeit US paper currency within Colombia. The primary smugglers and individuals involved in the counterfeiting business in Colombia were linked to the same individuals involved in the trafficking of narcotics to the US and used the same smuggling methods.⁷⁹

The efforts to curtail narco trafficking and counterfeiting have been successful. The counterfeit detection program in Colombia used specially trained dogs to detect bank notes produced in Colombia as the US Secret Service had discovered that these counterfeit notes had a

unique aroma.⁸⁰ The dollarization of several countries in the region has increased the demand for US paper currency and has created a demand for counterfeit US currency as well. Ecuador began to be a target of Colombian counterfeiting groups when it changed its currency to US dollars because there was a common link in routes used to smuggle drugs and weapons. Additionally, during the initial stages of the shift to the US dollar, the populous was not familiar with the lower US dollar denominations which made them perfect targets for low-quality counterfeiters. As the armed guerrilla groups supporting narcoterrorism such as the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the United Self-Defense Forces of Colombia (AUC) continue to rapidly decline, the trafficking of counterfeit US paper currency has also declined.⁸¹

According to a General Accounting Office report, the Colombian counterfeiters bleach small-denomination five-dollar-and-under US banknotes, and use the bleached paper to print higher-denomination notes. The report added that the Secret Service knows that these counterfeiters use the same distribution points and routes as those used for the narcotics trade to disseminate what the Secret Service refers to as the “Colombian” or “the South American Note.” Additionally, there are a number of variations of these notes which is perplexing because the paper is genuine US government produced paper designed for the engraving of paper-currency by the US Bureau of Engraving and Printing. Since the detection of the note in 1981 through 1994, over 100 varieties of these counterfeit notes have been detected, amounting to \$36 million dollars.⁸²

Counterfeit Security Measures

The US Bureau of Engraving and Printing has developed several features to assure that

US paper currency is difficult to reproduce or counterfeit. US produced currency uses intaglio printing where the ink is embossed onto the paper, giving it a raised feel moreover, the ink is indelible which prevents it from washing out. A counterfeit note printed with a color printer will run and smear when moistened.

Since the 1980s, the US Bureau of Engraving and Printing developed a number of security features to provide challenges and ways to identify counterfeit US currency. The latest \$100-dollar paper note has micro printing on the note. Although only viewed through magnification, the note has a continuous USA string throughout the note. As the printing inside the note is too small to be scanned by copiers and multipurpose printers available in the market, it becomes difficult and impossible for standard copiers or printers to replicate. The latest features incorporated in the notes that are being produced include complex holograms that are watermarked into the paper note. As with all the watermarks that can be seen when held up to the light, this feature is different for each note. The hundred, the fifty, the twenty, and the ten-dollar notes all have the face of the personality on the note incorporated into the note also in a watermark hologram. The five-dollar note has a hologram watermark of the number five instead of Lincoln in the face of the note. All of the paper currency being produced by the US Bureau of Engraving and Printing has color-shifting ink in the lower corner of the note only on the fifty, ten and twenty-dollar notes. When the notes are turned, the color shifts from green to black and back again. The two- and one-dollar notes do not have any security features besides the serial numbers as it is not worth the effort and expense to counterfeit them.

The last and most innovative feature is the incorporation of a polyester strip embedded in the note. Depending of the note's denomination, the strip is printed with the denomination and glows a different color under ultraviolet light: the hundred-dollar note glows red, the fifty-dollar

note glows yellow, the twenty-dollar note glows green, the ten-dollar note glows orange and the five-dollar note glows blue.⁸³

In addition to implementing security features that are difficult to replicate, there are other ways the US could fight back against foreign counterfeiting strategies, but some of these strategies require international cooperation. There are a number of factors that hamper US efforts to suppress counterfeiting of US banknotes. One of these factors is the lack of legislation or regulations in many countries to require banks and cash handlers to confiscate suspected counterfeit US banknotes and provide the counterfeits to the appropriate authorities. Another is the lack of comprehensive training to foreign national bank employees, especially bank cashiers or money handlers who can detect counterfeit US banknotes, and the need for training of local law-enforcement agencies in counterfeit detection who can also train paper money currency exchange agents and local bank tellers.

The US Secret Service has found that relationships can be developed by field agents working on a daily basis with foreign law-enforcement counterparts to increase the priority given to the investigation of counterfeit US paper currency.⁸⁴ The development of these relationships has provided the US Secret Service with better insights and has sensitized local authorities to the issue. However, representation in many of these countries is cost-prohibitive, thus permanent offices with task forces, rotating or circuit-rider agents can have the same desired effects to curtail and or reduce international counterfeit trafficking of US paper currency. Additionally, the US provides support internationally by deploying US Secret Service training teams and assisting local law-enforcement agencies in tracking and dismantling counterfeiting operations while taking counterfeit currency out of circulation.

Conclusion

The United States, like the Confederacy, has been forced to produce more sophisticated notes with more security features to prevent successful production of counterfeit currency. The threat to the US monetary system is as significant as it was during the Civil War. The Confederate Treasury's limited resources were strained in its attempt to investigate, pursue, and capture counterfeiters to put them out of business and reestablish confidence in Confederate notes. The US has overcome many of the challenges faced by the Confederacy through advanced technology, state-of-the-art security features, and the creation of the Secret Service. However, the US faces new challenges including the lack of international legislation that allows foreign banking organizations to take suspected counterfeit notes out circulation and the need for increased international law enforcement cooperation and partnership. Despite multiple efforts to destabilize the US economy through undeclared war, the US government continues to defeat its enemies to preserve US currency and maintain the US dollar as a symbol of security and integrity.

¹ Committee on Next-Generation Currency Design National Materials Advisory Board
Commission on Engineering and Technical Systems National Research Council.
Counterfeit Deterrent Features for the Next-Generation Currency Design. Edited by National
Research Council Staff Commission on Engineering and Technical Systems. Washington,
D.C.: National Academy Press; Committee on Technologies to Deter Currency Counterfeiting
National Research Council . 1993, 13-15; Karl Rhodes, "The Counterfeiting Weapon."
Economic History, First Quarter 2012: 35-37,
<https://www.RichmondFed.org/~media/Richmondfedorg/publications/research/region-focus/2012/q1/PDF/Economic-History.PDF>, accessed on December 19, 2015;

² Thomas Levenson, "Benjamin Franklin's Greatest Invention," *American History*, Oct 2010; vol 45 No. 4, 49

³ Thomas Levenson, "Benjamin Franklin's Greatest Invention," *American History*, Oct 2010; vol 45 No. 4, 49

-
- ⁴ Philip Leigh, *Trading with the Enemy: The Covert Economy During the American Civil War*, Yardley, PA: Westholme Publishing, LLC, 2014, 12-14
- ⁵ Philip Leigh, *Trading with the Enemy: The Covert Economy During the American Civil War*, Yardley, PA: Westholme Publishing, LLC, 2014, 11-14
- ⁶ Koch, Randy Koch; "Confederacy had Serious Fiscal Woes." *The Sandusky Register*, February 21, 2015. Accessed December 21, 2015, www.sanduskyregister.com/blog/2015/02/19/confederacy-had-serious-fiscal-woes.htm/?c1=content&ip=&p=1
- ⁷ Samuel C. Upham, *Notes of a Voyage to California via Cape Horn, together with Scenes in El Dorado in the Years 1849-1850*, Philadelphia, PA: Samuel Curtis Upham, 1878, 229-276; George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 36
- ⁸ George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 36
- ⁹ Marc C. Weidenmier, "Bogus Money Matters: Sam Upham and his Confederate Counterfeiting Business," *Business and Economic History*, Vol.28, No 2, Winter 1999, 315
- ¹⁰ George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 47
- ¹¹ Karl Rhodes, "The Counterfeiting Weapon." *Economic History*, First Quarter 2012: 35, <https://www.RichmondFed.org/~media/Richmondfedorg/publications/research/region-focus/2012/q1/PDF/Economic-History.PDF>, accessed on December 19, 2015; George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 42
- ¹² George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 43
- ¹³ Marc C. Weidenmier, "Bogus Money Matters: Sam Upham and his Confederate Counterfeiting Business," *Business and Economic History*, Vol.28, No 2, Winter 1999, 317
- ¹⁴ Marc C. Weidenmier, "Bogus Money Matters: Sam Upham and his Confederate Counterfeiting Business," *Business and Economic History*, Vol.28, No 2, Winter 1999, 319; Ben Tarnoff, "A Counterfeiting Conspiracy?" *New York Times*, March 27, 2012, Opinion Pages. http://opinionator.blogs.nytimes.com/2012/03/27/a-counterfeiting-conspiracy/?_r=0 accessed on December 18, 2015.
- ¹⁵ Ben Tarnoff, "A Counterfeiting Conspiracy?" *New York Times*, March 27, 2012, Opinion Pages. http://opinionator.blogs.nytimes.com/2012/03/27/a-counterfeiting-conspiracy/?_r=0 accessed on December 18, 2015; Ronald E. Franklin, "Samuel Upham: The Counterfeiter Who Helped Win the Civil War," *hubpages.com*. January 6, 2016, Accessed January 29, 2016. <http://hubpages.com/education/Samuel-Upham-The-Counterfeiter-Who-Helped-Win-The-Civil-War>.
- ¹⁶ Ben Tarnoff, "A Counterfeiting Conspiracy?" *New York Times*, March 27, 2012, Opinion Pages. http://opinionator.blogs.nytimes.com/2012/03/27/a-counterfeiting-conspiracy/?_r=0 accessed on December 18, 2015.

¹⁷ Ben Tarnoff, "A Counterfeiting Conspiracy?" *New York Times*, March 27, 2012, Opinion Pages. http://opinionator.blogs.nytimes.com/2012/03/27/a-counterfeiting-conspiracy/?_r=0 accessed on December 18, 2015.

¹⁸ *Richmond Daily Dispatch*, 15 and 16 April 1862

¹⁹ *Richmond Daily Dispatch*, 15 and 16 April 1862

²⁰ Ronald E. Franklin, "Samuel Upham: The Counterfeiter Who Helped Win the Civil War," *hubpages.com*. January 6, 2016, Accessed January 29, 2016.
<http://hubpages.com/education/Samuel-Upham-The-Counterfeiter-Who-Helped-Win-The-Civil-War>.

²¹ Judith Ann Benner, *Fraudulent Finance: Counterfeiting and the Confederate States: 1861-1865*. Hillsboro, TX: Texas Press 1970, 21

²² Marc C. Weidenmier, "Bogus Money Matters: Sam Upham and his Confederate Counterfeiting Business," *Business and Economic History*, Vol.28, No 2, Winter 1999, 316; Ethan Bickford, "The Goodness of the Hunt - S.C. Upham," *Paper Money Guarant*, August 26, 2014, Accessed December 19, 2015. <https://www.pgmnnotes.com/news/article/4181/>

²³ Marc C. Weidenmier, "Bogus Money Matters: Sam Upham and his Confederate Counterfeiting Business," *Business and Economic History*, Vol.28, No 2, Winter 1999, 320

²⁴ N.H. Mallett, "Funny Money - The Amazing History of Wartime Counterfeiting," *MilitaryHistoryNow.com*. August 8, 2014, accessed December 19, 2015.
<http://militaryhistory.com/2014/08/08/funny-money-the-amazing-history-of-wartime-counterfeiting-2/#comments>.

²⁵ N.H. Mallett, "Funny Money - The Amazing History of Wartime Counterfeiting," *MilitaryHistoryNow.com*. August 8, 2014, accessed December 19, 2015.
<http://militaryhistory.com/2014/08/08/funny-money-the-amazing-history-of-wartime-counterfeiting-2/#comments>.

²⁶ George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 54-60; Judith Ann Benner, *Fraudulent Finance: Counterfeiting and the Confederate States: 1861-1865*, Hillsboro, TX: Texas Press 1970, 22

²⁷ New York Times, "Seizure of Confederate Bonds: Seizure of Millions of Notes. Machinery, Plates, Dies and Stamps Taken, Details of Marshal Murray's Doings. Arrest of Guilty Parties. Interesting History of the Case," *The New York Times*, January 4, 1864, 1A.

²⁸ New York Times, "Seizure of Confederate Bonds: Seizure of Millions of Notes. Machinery, Plates, Dies and Stamps Taken, Details of Marshal Murray's Doings. Arrest of Guilty Parties. Interesting History of the Case," *The New York Times*, January 4, 1864, 1A.

²⁹ New York Times, "Seizure of Confederate Bonds: Seizure of Millions of Notes. Machinery, Plates, Dies and Stamps Taken, Details of Marshal Murray's Doings. Arrest of Guilty Parties. Interesting History of the Case," *The New York Times*, January 4, 1864, 1A.

³⁰ Judith Ann Benner, *Fraudulent Finance: Counterfeiting and the Confederate States: 1861-1865*, Hillsboro, TX: Texas Press 1970, 22; quoted from Memminger to Whiting. January 21, 1864, Thian, *Correspondence of the Treasury Department*, 570-71; George B.

Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 62-63

³¹ Judith Ann Benner, *Fraudulent Finance: Counterfeiting and the Confederate States: 1861-1865*, Hillsboro, TX: Texas Press 1970, 23

³² Although the many documents describe the quarantine of the Confederacy as a “blockade;” technically, since the Union did not recognize the Confederate States of America as an independent nation, a blockade is the wrong term. What the United States was doing during the civil war was conducting and enforcing a quarantine.

³³ Benny Bolin, *How the Confederacy Provided Paper for Union Banknotes*. April 29, 2012. Retrieved October 15, 2015, from Society of Paper Money Collectors Inc. (SPMC.org): <https://www.spmc.org/blog/how-confederacy-provided-paper-union-banknotes>; Fricke Pierre, *Collecting Confederate Paper Money - Field Edition 2014*, Sudbury, MA: Pierre Fricke, 2014, 34-35

³⁴ Benny Bolin, *How the Confederacy Provided Paper for Union Banknotes*. April 29, 2012. Retrieved October 15, 2015, from Society of Paper Money Collectors Inc. (SPMC.org): <https://www.spmc.org/blog/how-confederacy-provided-paper-union-banknotes>; Fricke Pierre, *Collecting Confederate Paper Money - Field Edition 2014*, Sudbury, MA: Pierre Fricke, 2014, 34-35

³⁵ Fricke Pierre, *Collecting Confederate Paper Money - Field Edition 2014*, Sudbury, MA: Pierre Fricke, 2014, 34-35

³⁶ Benny Bolin, *How the Confederacy Provided Paper for Union Banknotes*. April 29, 2012. Retrieved October 15, 2015, from Society of Paper Money Collectors Inc. (SPMC.org): <https://www.spmc.org/blog/how-confederacy-provided-paper-union-banknotes> .

³⁷ Benny Bolin, *How the Confederacy Provided Paper for Union Banknotes*. April 29, 2012. Retrieved October 15, 2015, from Society of Paper Money Collectors Inc. (SPMC.org): <https://www.spmc.org/blog/how-confederacy-provided-paper-union-banknotes> .

³⁸ Benny Bolin, *How the Confederacy Provided Paper for Union Banknotes*. April 29, 2012. Retrieved October 15, 2015, from Society of Paper Money Collectors Inc. (SPMC.org): <https://www.spmc.org/blog/how-confederacy-provided-paper-union-banknotes> .

³⁹ Benny Bolin, *How the Confederacy Provided Paper for Union Banknotes*. April 29, 2012. Retrieved October 15, 2015, from Society of Paper Money Collectors Inc. (SPMC.org): <https://www.spmc.org/blog/how-confederacy-provided-paper-union-banknotes> .

⁴⁰ Pricilla Rhoades, “King of the Confederate Counterfeit,” *The Kudzu Monthly*, September 2002; 3, Accessed January 27, 2016 <http://web.archive.org/web/2006032600465/http://www.kudzumonthly.com/kudzu/sep02/Kingof.html> .

⁴¹ David R. Johnson, *Illegal Tender: Counterfeiting and the Secret Service in Nineteenth-century America*. Washington , DC: Smithsonian Institution Press, 1995, 67. Per Johnson’s book, Baker moved from participating in 1856 in the San Francisco Vigilance Committee in to an appointment as a spy, member of the Allan Pinkerton’s network, under US Secretary of State William Seward, in 1861. The following year, Seward transferred Baker to the War Department where Assistant Secretary Watson made him a provost marshal and had placed Baker as head of

the National Detective Police. Interestingly, Baker liked to call his organization the Secret Service, even though Allan Pinkerton also claimed the Secret Service title to his force of spies. In this position, Johnson says that Baker found an outlet for his sense of drama, intrigue, cloak and dagger action and most importantly moral indignation in his new position, 69.

⁴² David R. Johnson, *Illegal Tender: Counterfeiting and the Secret Service in Nineteenth-century America*. Washington , DC: Smithsonian Institution Press, 1995, 67-68

⁴³ Fricke Pierre, *Collecting Confederate Paper Money - Field Edition 2014*, Sudbury, MA: Pierre Fricke, 2014, 107

⁴⁴ George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 42

⁴⁵ Arlie R. Slabaugh, *Confederate States Paper Money, 9th Edition*, Iola, WI: Krouse Publications, 1998, 91-92

⁴⁶ George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 42

⁴⁷ George B. Tremmel, "Was Sam Upham the Originator of the Female Riding Deer Note?" *Paper Money Magazine*, July-August 2001: 235-240; George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 46

⁴⁸ George B. Tremmel, "Was Sam Upham the Originator of the Female Riding Deer Note?" *Paper Money Magazine*, July-August 2001: 235-240; George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 67; Marc C. Weidenmier, "Bogus Money Matters: Sam Upham and his Confederate Counterfeiting Business," *Business and Economic History*, Vol.28, No 2, Winter 1999, 319

⁴⁹ George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 67-68

⁵⁰ Confederate States of America, and James D. Richardson, *A Compilation of the Messages and Papers of the Confederacy: Including the Diplomatic Correspondence, 1861-1865*. Nashville: United States Publishing Company, 1905, Vol 1, 233.

⁵¹ Judith Ann Benner, *Fraudulent Finance: Counterfeiting and the Confederate States: 1861-1865*, Hillsboro, TX: Texas Press 1970, 51

⁵² United States General Accounting Office; "U.S. Currency Treasury's Plans to Study Genuine and Counterfeit U.S. Currency Abroad;" Report to Congressional Requesters, Washington, D.C. 11 April 1997, 1

⁵³ David R. Johnson, *Illegal Tender: Counterfeiting and the Secret Service in Nineteenth-century America*. Washington , DC: Smithsonian Institution Press, 1995, 71; Karl Rhodes, "The Counterfeiting Weapon." *Economic History*, First Quarter 2012: 36, <https://www.RichmondFed.org/~media/Richmondfedorg/publications/research/region-focus/2012/q1/PDF/Economic-History.PDF>, accessed on 19 December 2015

⁵⁴ David R. Johnson, *Illegal Tender: Counterfeiting and the Secret Service in Nineteenth-century America*. Washington , DC: Smithsonian Institution Press, 1995, xvii

⁵⁵ Stephen William, "Foiling the Fakers," *The Middle East*, March 2006, Issue 365, 47

-
- ⁵⁶ Stephen William, "Foiling the Fakers," *The Middle East*, March 2006, Issue 365, 47
- ⁵⁷ Nanto, Dick K., *North Korean Counterfeiting of U.S. Currency*. Congressional Report, Washington, D.C.: Congresssional Research Service, June 12, 2009, 7-8
- ⁵⁸ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, iv
- ⁵⁹ United States Treasury Department; *The Use and Counterfeiting of United States Currency Abroad, Part 2*. The second report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Deterrence Steering Committee, Washington, D.C.: United States Treasury Department; March 2003, iv; Ruth Judson and Richard Porter; *Estimating the Volume of Counterfeit U.S. Currency in Circulation Worldwide: Data and Extrapolation*. Policy Discussion Paper Series, Chicago: Federal Reserve Bank of Chicago, Financial Market Group; March 1, 2010, 4
- ⁶⁰ Stephen Williams; "Foiling the Fakers." *The Middle East* (365) March 2006: 46-47; 46; United States Treasury Department; *The Use and Counterfeiting of United States Currency Abroad, Part 2*. The second report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Deterrence Steering Committee, Washington, D.C.: United States Treasury Department; March 2003, iv; Ruth Judson and Richard Porter; *Estimating the Volume of Counterfeit U.S. Currency in Circulation Worldwide: Data and Extrapolation*. Policy Discussion Paper Series, Chicago: Federal Reserve Bank of Chicago, Financial Market Group; March 1, 2010, 4
- ⁶¹ United States General Accounting Office; "U.S. Currency Treasury's Plans to Study Genuine and Counterfeit U.S. Currency Abroad;" Report to Congressional Requesters, Washington, D.C. April 11, 1997, 1
- ⁶² United States General Accounting Office. February 1996. *Report to the Honorable John M. Spratt, Jr. House of Representatives, Counterfeit U.S. Currency Abroad: Issues and U.S. Deterrence Efforts*. Washington, D.C.: United States General Accounting Office; 3,6
- ⁶³ George B. Tremmel, *A Guide Book of Counterfeit Currency*, Atlanta, Georgia: Whitman Publishing, LLC, 2007, 307-308
- ⁶⁴ Ronen Bergman; *The Secret War with Iran: The 30 Year Clandestine Struggle Against the World*; Translated by Ronnie Hope; New York, NY: Free Press, 2008; 201; *Spokane Chronicle*. 1992. "Iran, Syria Feared Spreading Counterfeit U.S. \$100 Bill." July 2: 3. ; Bill.McAllister; "Mideast Counterfeiters Making \$100 Bills of Highest Quality, GAO says." *The Washinton Post*. February 28, 1996;. Accessed January 14, 2016.
<https://www.washingtonpost.com/archive/politics/1996/02/28/mideast-...-of-hieghest-quality-gao-says/897c47d7-33f3-4619-8228-f6ad735be121/>.
- ⁶⁵ Ronen Bergman; *The Secret War with Iran: The 30 Year Clandestine Struggle Against the World*; Translated by Ronnie Hope; New York, NY: Free Press, 2008; 202-203
- ⁶⁶ Hannah Allam; "Have Iran and Its Allies Been Passing Phony \$100 Bills in Iraq?" *McClatchy Newspapers*, April 15, 2010;
<http://www.mcclatchydc.com/news/nation-world/world/article24579940.html> ; accessed on January 26, 2016.

⁶⁷ Ronen Bergman; *The Secret War with Iran: The 30 Year Clandestine Struggle Against the World*; Translated by Ronnie Hope; New York, NY: Free Press, 2008; 202-203

⁶⁸ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, 66; Karl Rhodes, "The Counterfeiting Weapon." *Economic History*, First Quarter 2012: 37, <https://www.RichmondFed.org/~media/Richmondfedorg/publications/research/region-focus/2012/q1/PDF/Economic-History.PDF>, accessed on 19 December 2015

⁶⁹ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, 66-67

⁷⁰ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, 67

⁷¹ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, 67; Karl Rhodes, "The Counterfeiting Weapon." *Economic History*, First Quarter 2012: 37, <https://www.RichmondFed.org/~media/Richmondfedorg/publications/research/region-focus/2012/q1/PDF/Economic-History.PDF>, accessed on 19 December 2015

⁷² David Wolman; "How the U.S. Could Pressure North Korea Tomorrow: Quit the \$100 Bill." *Time.com*; February 24, 2012. Accessed March 10, 2016. <http://business.time.com/2012/02/24/how-the-u-s-could-pressure-north-korea-tomorrow-quit-the-100-bill/> .

⁷³ David Wolman; "How the U.S. Could Pressure North Korea Tomorrow: Quit the \$100 Bill." *Time.com*; February 24, 2012. Accessed March 10, 2016. <http://business.time.com/2012/02/24/how-the-u-s-could-pressure-north-korea-tomorrow-quit-the-100-bill/> .

⁷⁴ Raphael Perl and Dick K. Nanto. *North Korean Crime-for-Profit Activities*. CRS Report for Congress, Washington, D.C.: Congressional Research Service, February 16, 2007, 8

⁷⁵ Raphael Perl and Dick K. Nanto. *North Korean Crime-for-Profit Activities*. CRS Report for Congress, Washington, D.C.: Congressional Research Service, February 16, 2007, 8

⁷⁶ Bill Powell and Adam Zagorin; "The Sopranos State" *Time Magazine*, July 23, 2007; Vol 17 Issue 4, 44-45; 45

⁷⁷ Nanto, Dick K., *North Korean Counterfeiting of U.S. Currency*. Congressional Report, Washington, D.C.: Congressional Research Service, June 12, 2009, 3

⁷⁸ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in

consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, 62

⁷⁹ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, 62-63

⁸⁰ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, 64

⁸¹ Stone, Alexander Stone; "Illegal Tender: Counterfeit dollars and Colombian crime;" *Harvard International Review*; Summer 2001; 23 (1): 7-8; 8

⁸² United States General Accounting Office. February 1996. *Report to the Honorable John M. Spratt, Jr. House of Representatives, Counterfeit U.S. Currency Abroad: Issues and U.S. Deterrence Efforts*. Washington, D.C.: United States General Accounting Office; 38 (Iran, Syria Feared Spreading Counterfeit U.S. \$100 Bill 1992)

⁸³ Phillip Tilley; "How to Spot Counterfeit Currency;" *Unexplained Mysteries*; January 18, 2011; [http:// www.unexplained-mysteries.com/column.php?id=198899](http://www.unexplained-mysteries.com/column.php?id=198899)
assessed on December 18, 2015; Committee on Next-Generation Currency Design National Materials Advisory Board Commission on Engineering and Technical Systems National Research Council. 1994. *Counterfeit Deterrent Features for the Next-Generation Currency Design*. Edited by National Research Council Staff Commission on Engineering and Technical Systems. Washington, D.C.: National Academy Press; Committee on Technologies to Deter Currency Counterfeiting National Research Council . 2006. *Is That Real? Identification and Assessment of the Counterfeiting Threat of U.S. Banknotes*. Washington, D.C.: National Academic Press.

⁸⁴ United States Treasury Department. September 2006. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, x

Bibliography

Allam, Hannah. "Have Iran and Its Allies Been Passing Phony \$100 Bills in Iraq." *McClatchy Newspapers*, April 15, 2010.

Ball, Douglas B. *Financial Failure and Confederate Defeat*. Chicago, Illinois: University of Illinois Press, 1991

Benner, Judith Ann. *Fraudulent Finance: Counterfeiting and the Confederate States: 1861-1865*. Hillsboro, TX: Texas Press, 1970.

-
- Bergman, Ronen. *The Secret War with Iran: The 30 Year Clandestine Struggle Against the World*. Translated by Ronnie Hope. New York, NY: Free Press, 2008.
- Bickford, Ethan. "The Goodness of the Hunt - S.C. Upham." *Paper Money Guarany*. August 26, 2014. Accessed December 19, 2015. <https://www.pgmnotes.com/news/article/4181/>.
- Bolin, Benny. "How the Confederacy Provided Paper for Union Banknotes." *Society of Paper Money Collectors Inc. (SPMC.org)*. April 29, 2012. Accessed October 15, 2015. <https://www.spmc.org/blog/how-confederacy-provided-paper-union-banknotes>.
- Committee on Next-Generation Currency Design National Materials Advisory Board
Commission on Engineering and Technical Systems National Research Council.
Counterfeit Deterrent Features for the Next-Generation Currency Design. Edited by
National Research Council Staff Commission on Engineering and Technical Systems.
Washington, D.C.: National Accademy Press, 1994.
- Committee on Technologies to Deter Currency Counterfeiting National Research Council. *Is That Real? Identification and Assessment of the Counterfeiting Threat of U.S. Banknotes*. Washington, D.C.: National Academic Press, 2006.
- Confedrate States of America and James. D. Richardson. *A Compilation of the Messages and Papers of the Confederacy: Including the Diplomatic Correspondence, 1861-1865* . Nashville: United States Publishing Company, 1905.
- Franklin, Ronald E. "Samuel Upham: The Counterfeiter Who Helped Win the Civil War." *hubpages.com*. January 6, 2016. Accessed January 29, 2016.
<http://hubpages.com/education/Samuel-Upham-The-Counterfeiter-Who-Helped-Win-The-Civil-War>.
- Fricke, Pierre. *Collecting Confederate Paper Money - Field Edition 2014*. Sudbury, MA: Pierre Fricke, 2014.
- Griffiths, William H. *The Story of the American Note Company*. New York: American Bank Note Company, 1959.
- . *Jane's Intelligence Weekly*. "Colombian Police Uncover Counterfeiting Operation" 2012.
- Johnson, David R. *Illegal Tender: Counterfeiting and the Secret Service in Nineteenth-century America*. Washington , DC: Smithsonian Institution Press, 1995.
- Judson, Ruth and Richard Porter. *Estimating the Volume of Counterfeit U.S. Currency in Circulation Worldwide: Data and Extrapolation*. Policy Discussion Paper Series, Chicago: Federal Reserve Bank of Chicago, Financial Market Group. March 1, 2010.
- Koch, Randy. "Confederacy had Serious Fiscal Woes." *The Sandusky Register*. February 21, 2015. Accessed December 21, 2015.

www.sanduskyregister.com/blog/2015/02/19/confederacy-had-serious-fiscal-woes.htm/?c1=content&ip=&p=1.

- Lambert, Michael J., and Kristin D. Stanto. "Opportunities and Challenges of U.S. Dollar as an Increasingly Global Currency: A Federal Reserve Perspective." *Federal Reserve Bulletin* 87 (9) 2007: 567-575.
- Lastratpes, William D. "Banknotes and Economic Growth." *Scottish Journal of Political Economy* 59 (4) 2012: 390-418.
- Leigh, Philip. *Trading with the Enemy: The Covert Economy During the American Civil War*. Yardley, PA: Westholme Publishing, LLC, 2014.
- Levenson, Thomas. "Benjamin Franklin's Greatest Invention." *American History* 45 (4) 2010: 26-33.
- Mallett, N.H. "Funny Money - The Amazing History of Wartime Counterfeiting." *MilitaryHistoryNow.com*. August 8, 2014. Accessed December 19, 2015. <http://militaryhistory.com/2014/08/08/funny-money-the-amazing-history-of-wartime-counterfeiting-2/#comments>.
- McAllister, Bill. "Mideast Counterfeiters Making \$100 Bills of Highest Quality, GAO says." *The Washinton Post*. February 28, 1996. Accessed January 14, 2016. <https://www.washingtonpost.com/archive/politics/1996/02/28/mideast-...-of-highest-quality-gao-says/897c47d7-33f3-4619-8228-f6ad735be121/>.
- McPherson, James M. *Battle Cry of Freedom: The Civil War Era*. Oxford and New York: Oxford University Press, 1988.
- Miller, Keith. "Beauregard's Doubtful Enterprise." *Civil War Times*, (June 23, 2005): 34-40.
- Nanto, Dick K. *North Korean Counterfeiting of U.S. Currency*. CRS Congressional Report, Washington, D.C.: Congresssional Research Service, June 12, 2009.
- New York Times. "Seizure of Confederate Bonds: Seizure of Millions of Notes. Machinerey, Plates, Dies and Stamps Taken, Details of Marshal Murray's Doings. Arrest of Guilty Parties. Interesting History of the Case." *The New York Times*, January 4, 1864.
- Niksich, Lary A. *Korean-U.S. Relations: Issues for Congress*. CRS Report for Congress, Washington, D.C.: Congressional Research Service, July 25, 2008.
- Perl, Raphael and Dick K. Nanto.. *North Korean Crime-for-Profit Activities*. CRS Report for Congress, Washington, D.C.: Congressional Reserach Service, February 16, 2007.
- Powell, Bill and Adam Zagorin. "The Sopranos State." *Time Magazine*, July 23, 2007: 44-48.

-
- Rhoades, Pricilla. *King of the Confederate Counterfeit*. September 10, 2002. Accessed January 27, 2016.
<http://web.archive.org/web/2006032600465/http://www.kudzumonthly.com/kudzu/sep02/Kingof.html>.
- Rhodes, Karl. "The Counterfeiting Weapon." *Economic History* First Quarter (2012): 35-37.
- Richmond Daily Dispatch*. April 15, 1862.
- Richmond Daily Dispatch*. April 16, 1862.
- Sandrock, John E. "The Use of Bank Notes as an Instrument of Propaganda - Part 1." *The Currency Collector*. n.d. Accessed December 19, 2015.
http://www.thecurrencycollector.com/pdfs/The_Use_of_Bank_Notes_as_an_Instrument_of_Propaganda_-_Part_1_PDF.
- Shull, Hugh. *A Guide Book of Southern States Currency*. Atlanta, GA: Whitman Publishing, LLC, 2007.
- Slabaugh, Arlie R. *Confederate States Paper Money, 9th Edition*. Iola, WI: Krause Publications, 1998.
- Spokane Chronicle*. "Iran, Syria Feared Spreading Counterfeit U.S. \$100 Bill." July 2, 1992: 3.
- Stone, Alexander. "Illegal Tender: Counterfeit dollars and Colombian crime." *Harvard International Review* 23 (1) 2001: 7-8.
- Tarnoff, Ben. "A Counterfeiting Conspiracy?" *The New York Times*, March 27, 2012: The Opinion Pages.
- Tremmel, George B. *A Guide Book of Counterfeit Confederate Currency*. Atlanta, Georgia: Whitman Publishing, LLC, 2007.
- . "Was Sam Upham the Originator of the Female Riding Deer Note?" *Paper Money Magazine*, (July-August 2001): 235-240.
- United States General Accounting Office. *Report to the Honorable John M. Spratt, Jr. House of Representatives. Counterfeit U.S. Currency Abroad: Issues and U.S. Deterrence Efforts*. Report to Congressional Requester, Washington, D.C.: United States General Accounting Office, February 1996.
- United States General Accounting Office. "U.S. Currency Treasury's Plans to Study Genuine and Counterfeit U.S. Currency Abroad." Report to Congressional Requesters, Washington, D.C., April 11, 1997.

-
- United States Treasury Department. *The Use and Counterfeiting of United States Currency Abroad, Part 2*. The second report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Deterrence Steering Committee, Washington, D.C.: United States Treasury Department, March 2003.
- United States Treasury Department. *The Use and Counterfeiting of United States Currency Abroad, Part 3*. Report to the Congress by the Secretary of the Treasury, in consultation with the Advanced Counterfeit Steering Committee, Washington, D.C.: United States Treasury Department, September 2006.
- Upham, Samuel C. *Notes of A Voyage to California via Cape Horn, together with Scenes in El Dorado in the Years 1849-1850*. Philadelphia, PA: Samuel Curtis Uphman, 1878.
- Usher, Rod and Pavlenko, Masha. "The Redesigned \$100 Bill Will Soon Be Hot Off the Presses, But Why Are So Many Russians in a Tizzy?" *Time Magazine*, December 12, 1996: 50.
- Weidenmier, Marc D. "Bogus Money Matters: Sam Upham and his Confederate Counterfeiting Business." *Business and Economics History* 28 (2) 1999: 313-324.
- Williams, Stephen. "Foiling the Fakers." *The Middle East* (365) 2006: 46-47.
- Wolman, David. "How the U.S. Could Pressure North Korea Tomorrow: Quit the \$100 Bill." *Time.com*. February 24, 2012. Accessed March 10, 2016.
<http://business.time.com/2012/02/24/how-the-u-s-could-pressure-north-korea-tomorrow-quit-the-100-bill/>.
- Zerfas, Lewis L. "Confederate Blockade Runner Conflagration." *American Civil War*, Nov 2001: 54-59.